Remarks/Arguments:

The Office Action rejects claim 1 under 35 U.S.C. § 103(a) as being unpatentable over Pavri. The applicant respectfully traverses the rejection and respectfully requests reconsideration in light of the amendments and remarks herein.

Because the Office Action contains a number of detailed findings and requests, this response will address each by paragraph numbers, below, to ascertain that none are inadvertently overlooked.

Paragraphs 1-3: Contain no subject matter for which a response is required.

Paragraphs 4-5: The claim has been amended to recite specific detail relating to the "determining validity" step. This detail is fully supported by the specification as filed on page 4, lines 4-26. The portions of Pavri cited in the Office Action as disclosing the "determining validity" step do not teach or suggest the detailed steps recited by the applicant in the amended claim. Accordingly, Pavri fails to teach each and every limitation of the claim, as amended.

The Office Action concedes in paragraph 5 that "Pavri does not directly disclose issuing an opinion certifying that one or more IP assets and corresponding tangible values are fairly stated in accordance with generally accepted accounting principles." The Office Action next states that the "Examiner finds that balance sheets and income statements fairly state assets and/or corresponding tangible values . . ." and cites Horngren for this proposition. The Office Action cites no specific language in Horngren that discloses this step, and because the Office Action merely provided a copy of the title page, table on contents, preface, and index for the Horngren reference, the applicant does not have sufficient information to evaluate the representations made in the Office Action regarding the Horngren reference. Nonetheless, even without being able to review the Horngren reference in detail, the reality is that unscrupulous companies (i.e. Enron) sometimes do not fairly state assets and corresponding tangible values, which is why audits, generally, are performed. Even if the blanket statement that "balance sheets and income statements fairly state assets and/or tangible values" were always true, it misses the point. The applicant is claiming a method that includes the step of *issuing an opinion certifying* that the IP assets and corresponding tangible values are fairly stated. This is an additional step -- a double check -- performed after the step of putting together a balance sheet or income statement. As conceded by the Office Action, Pavri does not disclose this step. The Office Action states that it would have been obvious to include issuing the report described in Parvi as part of an income statement, annual balance sheet, or annual corporate report. The applicant disagrees, but even if this statement is assumed to be true, it would not disclose what is claimed by the applicant. The applicant claims a method for auditing IP assets (not for creating an initial valuation, which is what Parvi describes) that includes providing an opinion certifying that values derived by the applicant's audit method are fairly stated.

Paragraph 6: The applicant at this time intends for each term in each claim limitation to have its ordinary and customary meaning, and does not believe that any of the terms arise from the applicant being his own lexicographer. The applicant expressly notes, however, that this current position should not be interpreted as a "desire to forego lexicography in this application" altogether (to the extent it is understood to refer to the applicant being his own lexicographer), and reserves the right to use non-standard definitions later in prosecution, should the applicant become aware that the applicant and examiner disagree as to the interpretation of any particular claim terms.

Paragraph 7-8: The applicant does not object to the interpretations set forth in paragraphs 7 and 8.

Paragraph 9: The applicant respectfully points out that the only pending claim is a method claim, and therefore any discussion of product-by-process claims is completely irrelevant.

Paragraph 10: The applicant respectfully submits that the functional language "for auditing one or more intellectual property assets of an entity" must be considered to be a limitation with patentable weight for what it fairly conveys to a person of ordinary skill in the pertinent art in the context in which it is used. *See* MPEP § 2173.05(g) ("A functional limitation is often used in association with an element, ingredient, or step of a process to define a particular capability or purpose that is served by the recited element, ingredient, or step.). Although the quoted language above is in the preamble, it should still be given patentable weight, because it recites the essence of the invention -- without this limitation, performance of the recited steps would be "nothing but an academic exercise." *See, e.g., Applied Materials, Inc. v. Advanced Semiconductor Materials Am., Inc.*, 40 USPQ2d 1481 (Fed. Cir. 1996). Furthermore, the recitation of the intended use in this case does result in additional steps, namely steps (c)(i) through (c)(v), which refer to the "audited" IP assets.

Paragraph 11: The Office Action contends in paragraph 11 that "all limitations in claim 1 . . . are either disclosed or inherent in Pavri, but this is inconsistent with the statement in paragraph 5 that "Pavri does not directly disclose issuing an opinion certifying . . .". The Office Action nowhere states that the step of issuing an opinion is inherent in Parvi. Nonetheless, this paragraph is moot in light of the amended claim.

Paragraphs 12-15: The key argument that is relevant to the continued prosecution of this application is that Pavri does not teach or suggest making a determination of validity as claimed by the applicant. As amended, the claim now recites more detailed steps for making such a determination. There is no discussion in Pavri of such a detailed validity determination, such as, for example, a prior art search and analysis of patent claims. To the extent that Pavri mentions challenges to patent validity brought about by competitors, this is not the same as a proactive audit of IP that, in essence, reviews validity before a competitor makes such a challenge.

The following example may be illustrative. If a company has valued its IP at $X for the last 5 years its stock price has achieved a certain market value in reliance upon this valuation, but finds out when a competitor makes a validity challenge that, in fact, the IP is invalid and worth $0, investors will suffer the consequences of this sudden revelation. If, on the other hand, if that same company has an IP audit performed by the claimed method, and has a rigorous validity determination performed before a competitor challenge, the invalidity will be discovered sooner, the IP properly valued properly, and the overall market value of the company will reflect the IP value. This means that an investor may be more likely to invest in a company that has had the claimed IP audit performed, because of the increased reliability associated with knowing a rigorous validity study has been done on any IP assets that are part of the company's valuation. Estimating economic life, as disclosed in Parvi and referenced in the Office Action, is not the same as a validity study, and does not teach or suggest the performance of the validity-determining steps claimed by the applicant.

Paragraph 16: This paragraph recites a quotation regarding clarity of patent documents, and then discusses the "art of record," which are not *patent* documents, so the point of the quotation is unclear. To the extent that the paragraph discusses litigation, it should be noted that the present method does not relate to a pre-litigation study of a patent, but rather to an audit of IP assets that results in a valuation and an opinion certifying that the valuation is fairly stated. Furthermore, it is settled law that an issued patent, for example, is presumed valid until proven otherwise. Accordingly, even in pre-litigation, a patent owner is not likely to perform a validity study until his adversary brings prior art to his or her attention. The point of the applicant's invention is not to perform a validity determination on the eve of bringing suit, but rather to perform such a validity determination as a routine step in an audit for proactively valuing a company's IP. The Examiner's finding that "a skilled artisan would clearly understand and therefore make the assumption that IP must be valid" is precisely the approach taken by Parvi -- an *assumption* that the IP is valid. This is a potentially costly assumption to investors, and why the applicant's audit method is distinguishable from Parvi and any other previous valuation methods.

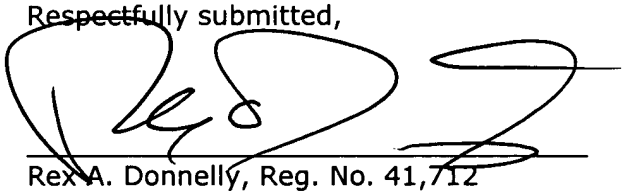
Paragraph 17: This paragraph further illustrates the points raised above. There is nothing in Pavri that teaches or suggests making a determination of validity in the detail now recited in the amended claim. Because Parvi does not discuss determining validity in the way now claimed by the applicant, it implies that validity is assumed as part of the valuation. The Office Action cites no references for the position that "one of ordinary skill in the art would not go through the evaluation process without making a determination of this 'key' assumption." In fact, the applicant respectfully submits that those of ordinary skill in the art in routinely go through the valuation process without first making a determination on the key assumption of validity, typically because such determinations are historically very costly.

Paragraphs 18-19: The applicant respectfully submits that the claim, as amended, now recites detailed steps for assessing validity, rendering these paragraphs moot.

Summary

For all of the reasons above, the applicant respectfully submits that the cited reference fails to teach or suggest each and every limitation of the claim, and that the office action fails to set forth a *prima facie* case of obviousness. Accordingly, the applicant respectfully requests that the rejection be withdrawn and the application allowed.

Respectfully submitted,



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Rex A. Donnelly

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